Paez, is an experienced engineer who manages the company efficiently. Schedules are maintained. First-class accommodations are comfortable, with a dining-car attached, a sleeping-car for night travel, even an air-conditioned car to make travel pleasant. There is no second class, but third-class passengers are accommodated in separate coaches. As of yore, in the third-class cars baggage fills every available nook including the aisles and platforms.

The balance sheets of the Manila Railroad have shown profits. This even in depression days and in the face of keen competition from busses. In fact, the railroad has had to enter the motor transportation field in self-protection. The report of the Comptroller of the Manila Railroad for 1934 was not so favorable, for it showed that the railroad had sustained a loss in the amount of a million pesos.

The Philippine Railway has no connection with the Manila Railroad and is an American concern. It operates lines on the Island of Panay from Iloilo to Capiz, and on the Island of Cebu from Cebu to Danao and from Cebu to Argao. The Philippine Railway functions at a loss. As the Government guarantees the interest on its bonds, and as these bonds become due in 1937, in a sense, the railway is the concern of the Philippine Commonwealth, and a very annoying and burdensome concern. The Philippine Government has considered the practicability of taking over the management of the Philippine Railway but hesitates at assuming this additional burden in view of its unsatisfactory operating status.

GENERAL AUDITING OFFICE [7]

Under the American administration, the position of Insular Auditor was one of the most important in the Philippine service. In power and influence the Insular Auditor did not suf-

[7] **Section read by Mr. Jaime Hernandez, Deputy Insular Auditor.**